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# ADVERTISING: A STUDY OF A MODERN BUSINESS POWER

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EXCHANGE







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ADVERTISING : A STUDY OF A MODERN  
BUSINESS POWER



# ADVERTISING:

A Study of a Modern Business Power

By

G. W. GOODALL, B.Sc. (Econ.), London

With an Introduction by  
SIDNEY WEBB, LL.B.

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## AUTHOR'S PREFACE

NOWADAYS, it is becoming more and more clearly recognized that in economics, as in other fields, theory and practice must keep one another within hail. The student must maintain a firm grip on the actual facts of industry, and the business-man must remind himself of the rules and reason of the "glorious game of business" if each is to contribute his share to what should surely be the object of both—the progressive improvement of our economic organization. If this book, by its descriptions and discussions of one branch of business, is of some little assistance in enabling the "scientist" and the "artist" in economics thus to keep within hail, it will fulfil its purpose.

Whether or not, however, it proves of service to these two—the student and the business-man—it certainly owes much to both—which brings me to the real reason of this Preface, viz., to make some cordial acknowledgments.

The account of modern advertising in these pages is one outcome of a Seminar conducted by Professor Sidney Webb at the London School of Economics, at which plans were made for inquiries into various phases of modern business. In this particular inquiry, besides utilizing some amount

of personal experience, I was favoured with interviews by representatives of practically every side of the advertising business, and each and all showed a courtesy and interest and readiness to help, which it is most pleasant to record. From members of the Seminar I received many fraternal criticisms, while to Professor Webb I owe a deep debt for his unstinted assistance and encouragement. For any inaccuracies in the book, I must be allowed to claim sole credit.

G. W. GOODALL.

London School of Economics.

*May, 1914.*

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## INTRODUCTION

THE business of advertising, on which possibly as much as a hundred millions sterling is annually spent in the United Kingdom, and five or six times as much in the whole civilized world, is a branch of the Nation's organization which is too important to be ignored. Who gets all this money ? who spends it ? and what does the community obtain from it in return ?—these are the questions which Mr. Goodall sets himself to answer in this useful little book.

I do not think that the question of where the cost of advertising finally falls can be said to be yet definitely ascertained or decided to the satisfaction of economists. It is easy to see that advertised goods are not necessarily, or even usually, more expensive than unadvertised goods. The consumer of much-advertised soap or cocoa, or motor-cars, cannot reasonably be supposed to be bearing the very heavy cost of advertising these commodities. Without advertising they would certainly be no cheaper. Nor is the vendor, on the average, at any loss by advertising : on the contrary, it is plainly advertising which builds up many of the largest fortunes made in business.

More plausible is the suggestion that the expenditure of successful advertisers is really made at the cost of those trade rivals who are distanced, or in many cases ruined, by their more enterprising competitors. The three million pounds which the late T. J. Barratt spent in advertising a particular soap represents, on this hypothesis, the value of the wrecks to which the competition of this giant soap-manufacturer has reduced so many small old-fashioned soap-boilers. Not a few staid and respectable carriage builders in county towns, and in Long Acre itself, must have "gone under" in the competition which has brought to the top the successful advertisers of motor-cars. There is no record of ruined businesses, no account of the destruction and waste of capital which, on our present individualist system, the warfare of commerce involves. And the internecine conflict is not wholly between rival commodities of the same kind. There are such substitutions as bicycles for books, or books for bicycles, according not only to the season of the year, but to the strength of the influences that are brought to bear on the purchasers. The consumer's outlay may be diverted, by incessant advertising, from food and clothing to tobacco and Continental holidays; or from current expenditure, good or bad, to the taking out of an insurance policy or the purchase of a house through a building society. We may regard the

advertisers, in short, as struggling both among themselves, and with the non-advertisers, for the contents of the consumers' pockets, and—carrying the matter to the utmost point—for the allocation among different needs and desires of the whole of the nation's income.

But what is ultimately the good of it all ? The nation's income will anyhow be spent, and can it be argued that the effect of all the advertising is to improve the allocation of it among the satisfaction of all our several desires, or among the various national needs ? So far as any qualitative difference is concerned, I do not think that the advertisers can make out a case. He would be a bold man who would assert that the nation is the better, or that its citizens are the happier, because their purse-strings are drawn by this or that energetic advertiser, as compared with the result if there were no such bold and ingenious and, be it added, terribly costly advertisement. Advertised goods are not, it may be suggested, on the whole better in quality, nor do they satisfy more genuine needs, than unadvertised goods. A more specious claim is, however, made on the ground of quantitative efficiency. The greatest advertisers are, on the whole, the producers on a large scale. Advertising, it is said, creates giant undertakings, and, by enabling one firm to appeal to a whole nation, or even the whole world, alone makes the greatest businesses possible. Thus, the very con-

siderable economy of large-scale production, and with it, the uniformity of quality which is compatible only with large-scale production, are, in this sense, in contrast with the old-fashioned little businesses each supplying its own little neighbourhood, the products of successful advertising. On this view the world's annual expenditure on advertising of five or six hundred millions sterling is not an actual loss to the world : it represents a deduction, and as things are, perhaps a necessary deduction, from the economies and other advantages of production of a large scale. We save a great deal by manufacturing soap or cocoa or cheap watches in huge quantities, instead of on a small scale ; and we give away part of this saving to the advertising agents, and all that they stand for, because the advertising is, on this view, as much part of the cost of manufacturing on a large scale as is the fuel of the steam-engine.

But the advertising firms cannot continue permanently to increase at the expense of the less enterprising among them—at least, the argument seems to push us ultimately into the case of the islanders who made a livelihood by taking in each other's washing ! When each branch of industry falls into the hands of a single monopolist trust, these cannot pretend to effect any further economies in the cost of production by further increasing their businesses. The cost of their advertising would then represent their struggle,



one with another, for the largest share of the consumers' incomes. Probably such leviathans would presently agree among themselves to share the whole available business in a fixed ratio, and to dispense with advertising, in order to add its cost to their joint profits. The consumer would gain nothing.

More alluring is it to consider what would be the place of advertising, and who would bear its cost, in a Co-operative Commonwealth, where all commodities were produced to the order, and for the benefit, of the associated consumers themselves, whether by Co-operative Societies, Municipalities or State Departments, in factories arranged so as to manufacture to the greatest possible advantage, on whatever scale was found most convenient and most economical? It is true, as Mr. Goodall suggests, that even a Socialist State would find it convenient to publish a catalogue of its productions, so as to allow the consumers freedom of choice in the outlay of the incomes received by them in cash—just as the Postmaster-General issues a Quarterly *Postal Guide*—not a very inspiring production—and covers the walls of his post offices with a bewildering array of notices. But this attenuated remnant, even if written by our greatest literary geniuses, and illustrated by our best artists, would absorb but little of the five or six hundred millions now annually spent on advertising; and furnish occu-

pation for very few of the hundreds of thousands of persons whose time and energy are now devoted to the service.

Perhaps more important in this connexion would be advertisement as an educational force. The most completely co-operative of Commonwealths would find it necessary to communicate, to all its agricultural citizens for instance, particulars of new inventions and the instructive results of new experiments, the application of which by every farmer would greatly increase the nation's product. However great may be the common improvement in intelligence, farmers, we may presume, will continue to be relatively slow to move. The more quickly and more universally such useful information was distributed, the greater would be the national advantage. Thus the United States Government Department of Agriculture, which distributes literally millions of appeals to the minds of the American farmers, directed towards the improvement of their crops, may be the type of much of the advertising of the future.

We may, however, also visualize a more general appeal. The more we develop individual freedom—which is what the Socialist (often to the bewilderment of his opponent) really means and intends—the less can we dispense with the giving of good advice. There will be many hygienic precautions, many useful suggestions as to conduct, much

important counsel as to expenditure, which can not properly be embodied in law, but which may be very effectually pressed on the attention of the "average sensual man." Even when all our various manufactories and stores have become public services, and when no capitalist levies a toll of profit upon any of our supplies, we can easily imagine the various Public Health Departments advertising their baths and other hygienic opportunities; the Educational Authorities importuning every young man and maiden to try their attractive lecture-courses and organized games; the municipalities of the various pleasure resorts commending their holiday attractions; the national railway and steamship administration tempting us to enlarge our minds by travel; the State Insurance Department urging us all to insure for allowances in old-age or sickness, supplementary to the common provision; in short, no end of advertising intended to influence our decision as to how to spend our incomes in the ways that the "General Will" of the community felt to be good.

There is even a more fundamental reason for the persistence of advertising, apart from the motive of profit-making, and that is the need for bringing effectively to public notice anything in the nature of a novelty. When the designers and inventors produce new patterns, or introduce new materials, or devise entirely new commodities, or

discover new services, it is not really within the power of the ordinary man to take advantage of them, even if he would wish to do so, until they have come very definitely within his consciousness. Merely to mention the new thing somewhere amid the thousand pages of a gigantic store catalogue would not really bring its existence to the knowledge of scores of millions of ordinary citizens. Unless our freedom of choice is to be a mockery, all novelties must, up to a certain point, be actually forced on our attention. This means advertising.

Finally, there is the outstanding problem of Democracy, how to stir the average citizen out of his habitual apathy about public affairs. Both the National Government and the Municipality will probably find themselves, in the future, advertising with a vigour and in ways that would make the staid civil servant of to-day actually jump with surprise. We shall advertise elections, advertise candidatures, advertise projects, advertise new laws, advertise receipts and expenditure, advertise speeches and resolutions and petitions, and what not. The public gramophones will be advertising all day long !

Thus, there may well be as much advertising in the future as there is to-day, though probably of very different commodities and services. The essential difference will be that the advertising of the future will, we may imagine, not be decided

on by irresponsible individuals, intent only on their own pecuniary profit, and not even pretending that their statements are either true or for the common good. The advertising of the future, we may expect, will aim, in all cases, in so far as Collectivist organization prevails, at what is believed to be some advantage to the community as a whole; it will not be swayed by any considerations of individual gain; it will be directed by persons acting only as the servants of the particular branches of public administration concerned; and it will be controlled not by private capitalists but by the representatives of the community. In fact, not the abolition of advertising, but the elimination from it of all motives of personal self-interest and private gain, and the bringing of it under Democratic public control will, in my judgment, be one of the many improvements of the State of To-morrow.

SIDNEY WEBB.

41, Grosvenor Road.

*May, 1914.*









# ADVERTISING :

## A STUDY OF A MODERN BUSINESS POWER

### CHAPTER I

#### OUR YEARLY ADVERTISING BILL

Writing in 1759, Dr. Johnson observed "The trade of advertising is now so near to perfection that it is not easy to propose any improvement."

In so far as this opinion was seriously intended, it would seem that the dear dictatorial doctor was about as unfortunate in his judgment of advertising as he was in his views of antiquarian research.

Respecting the latter subject, he is reported as saying that all we could know about the ancient condition of Britain was what the old writers had told us. Yet from the very street in which Johnson at one time lived—Gray's Inn Lane—there had even then been unearthed a flint weapon which was to throw important light on pre-historic times ; and, similarly, in and around his beloved Fleet Street has grown up an advertising

business of such magnitude and efficiency as to make the doctor's forecast of the possibilities of advertising seem quaintly amusing.

At the time Dr. Johnson was writing, the entire national income is estimated to have been about £120,000,000. To-day the national advertising bill is estimated at actually two-thirds of that entire sum, or £80,000,000. Indeed the amount is sometimes put at the higher figure of £100,000,000.

Another comparison which serves to emphasize the colossal amount spent to-day on advertising is made by Mr. Dibblee in his book on *The Laws of Supply and Demand*. It concerns the engineering industry of which we are so justly proud. For 1909, the figure for the output of the engineering trade, including shipyards and motor factories, was £150,000,000. Of this the cost of material accounted for about £70,000,000, leaving about £80,000,000 as the total net engineering product for the year—or practically the same amount as the nation's advertising bill.

Still another way to bring home to the imagination the magnitude of the business is to say that this country spends on advertising about as much as it does upon the Army and the Navy put together. Moreover, when it is remembered that in North America some two or three times as much is said to be spent in publicity as with us, and also that all other civilized countries add their quota, it will be seen that the figure for the whole world

must be something enormous. An estimate gives this total world amount as about £600,000,000.

As regards the number of people engaged in advertising in this country, it is said that, directly or indirectly, the business employs about 80,000 persons—or about as many people as there are grocers' shops in the kingdom.

So much, then, for the growth in size of the business of advertising since Dr. Johnson's day. The judgment of the eighteenth century man of letters which has been quoted was, however, not untinged with satire. The remark as to the impossibility of improving the trade was, in part at any rate, an ironic reference to the inflated puffs of "beautifying fluids" and the like, which in Dr. Johnson's day passed for advertising. While the beauty-doctor is still with us, the present-day advance in the range and character of advertising is nevertheless no less marked than the growth in extent.

Referring to the eighteenth century, Henry Sampson in his *History of Advertising* says that "though advertisements were by no means scarce about this time . . . in regular trade few things were advertised with the exception of books and quack medicines." To-day, it would be difficult to mention anything which is not advertised, or any section of the commercial world which does not advertise.

From morn till night, the influence of advertis-

ing is with us. We rise and perform our ablutions with soap which we know is good for our complexions because it said so in the "Ad"; we encase ourselves in underwear which has been commended to us in the press for its comfort, fit, and durability, and complete our toilet with various other articles of advertised attire. Then we sit down to enjoy our advertised breakfast food. This done we take, if fortunate enough, our motor-car (bought from an advertisement), or our humble and now much advertised motor 'bus. Arrived at the office, we push our advertised fountain-pen throughout the day; then visit in the evening a much advertised play, and, returning home to enjoy a well-earned rest between advertised sheets on an advertised mattress, we hear in our dreams the dramatist's line, as amended to suit the century, "Sweet are the uses of advertisement."

And who are the advertisers? Surely everybody. The manufacturer advertises his brand direct to the public and thus liberates himself from entire dependence on the wholesaler's and retailer's goodwill. In the trade-paper, the wholesaler advertises his facilities to the retailer, who in turn advertises his store not only to his immediate constituency but also to a wider world which now shops by post from advertisements. Monopolies, like gas companies, seek to extend their trade by advertising new uses for their goods or services.

Political parties and propaganda societies now advertise their policies both on the hoardings and in the press. Governments advertise to attract settlers or to dispose of national products—emigrants for Canada, currants from Greece—while the advertisement columns of the press, as well as the time-honoured display bills, are now used by the British Government to secure recruits for the Army.

The various sections of the international exhibitions constitute but another form of national advertising. His present Majesty, speaking on this subject in 1909, when Prince of Wales, said, "In the opinion of the recent Committee of Inquiry, the same causes which render it necessary for individual firms to spend large sums of money on advertisements, in order to maintain their position in a particular trade, also render it imperative that every effort should be made at the present day to maintain and improve the reputation of British manufactures as a whole. Experience has shown that, even in the case of firms having an established reputation and world-wide connections, attempts to discontinue advertising have usually been followed by a diminution in the sales effected, and it is not unreasonable to assume that the neglect by Great Britain of one of the most important forms of national advertisement would be equally detrimental to her interests as a manufacturing country. But as there can be no

profit either to the individual or to the nation as a whole in displaying inferior British exhibits by the side of the best productions of our commercial competitors, if we participate at all in international exhibitions we must see that the great industries of this country are represented in the most complete and effective manner." Verily, we are all advertisers nowadays, directly or indirectly.

His Majesty's comparison of individual and national advertising, moreover, suggests another feature in which publicity has progressed. Just as it is useless displaying inferior British goods at international exhibitions, so it is coming to be more and more recognized that an advertiser who desires repeat orders and permanent success must have honest goods and truthful announcements. While it would certainly be too much to say that questionable advertisements are an extinct species, they are properly regarded, nowadays, as black sheep in the flock, and legitimate advertising, as dealt with in these pages, is recognized as an essential element of modern business organization. Gratifying evidence of the present-day standard of advertising is found in the greater restraint which, on the whole, differentiates twentieth century from eighteenth century examples.

Thus, alike in size, scope and standing, the business of advertising has progressed far since Dr. Johnson penned his famous dictum.

## CHAPTER II

### WHO GET THE MONEY ?

#### (i) THE NEWSPAPERS

WITH our concrete handful of eighty or a hundred million pounds before us, it is of interest to ask, How is this money spent ? Who spends it ? What form of business organization has been evolved to manage the expenditure ? What purpose does the outlay serve ?

The answer to these questions will increase our acquaintance with the "fourth estate," the newspaper ; with the "poor man's (and every man's) picture gallery," the hoardings ; and with "every-man's courier," the penny post. It will introduce to us the Advertising Agency, an example of modern business enterprise which has many features of interest for the sociologist. It should also throw some light on the way in which economic organization is affected by mechanical, scientific and social developments.

To begin with, then, how is our national advertising expenditure laid out ? A convenient classification gives three broad channels of outlay :

1. Press Advertising, comprising announcements in newspapers, magazines, and other periodicals.

2. Outdoor Advertising, in the form of posters, railway, tramway and omnibus signs, etc.

3. "Direct-to-the-person" Publicity, whether in the form of circularizing by post, house-to-house distribution, or the like.

The press is supposed to absorb about half the total amount spent in advertising, or about forty or fifty million pounds, the remaining forty or fifty millions being distributed among the remaining forms of publicity.

Commercial advertising, as we know it, is, in practically all its phases, almost entirely a thing of our own day. It will be necessary to discuss the reason for this later when we come to consider the service which modern advertising renders. In the case of newspaper advertising, however, there are several special reasons which account for this comparatively recent development.

The first one is that the press was long handicapped by taxation. Prior to the middle of the nineteenth century, it had a threefold burden to bear—the advertisement duty, the newspaper stamp duty, and the paper tax. Now, however, all fiscal burdens have been removed, and the only legal restrictions to which commercial press advertising is in these days subjected are such as arise out of the general law governing fraudulent



misrepresentation, libel, etc., or such statutes as the Betting and Lottery Acts.

The advertisement duty dated back to 1712. In the year 1815 the amount was 3s. 6d. on each advertisement. In 1833 it was reduced to 1s. 6d., and the tax was finally abolished in 1853.

Not only did the tax itself militate against the use of the newspaper as an advertising medium, but the way in which the full pound of flesh was exacted seems also to have been a grievance. For instance if the official found it possible for him to argue that an advertisement served more than one interest, he multiplied the tax accordingly. Interesting examples of this are given in a book of reminiscences, entitled *Fifty Years of Newspaper Life*, which was written in 1895 by Mr. Alexander Sinclair of *The Glasgow Herald*. Mr. Sinclair also quotes the following pointed article from a newspaper of 1845 : “ A system of increased rigour has been commenced in the perusal of advertisements and paragraphs with a view of detecting what are called ‘ separate interests.’ In this way advertisements which formerly paid a single duty are mulcted in two or three duties. For example : a teacher announces at the foot of his advertisement he has accommodation for two or three boarders—this is charged an additional duty ; a steamboat announcement contains, perhaps, an allusion to an excellent hotel, or to an omnibus for conveying passengers, and in both the hotel and

the omnibus, the lynx-eyed officials profess to descry separate interests and lay claim to an additional 1s. 6d. for each ! But more than this they have the impudence to interfere with our duty as public chroniclers, and to levy an unwarranted tax on paragraphs of ordinary news, provided only they contain any intimation whereby they allege private interests may be benefited. Critiques on pictures, announcements of early fruit, which newspapers have been accustomed to insert merely as pieces of news and as likely to interest their readers, have been suddenly discovered to be advertisements and charged by the Stamp Office officials accordingly."

Clearly, the advertisement duty tended to damp down enterprise in newspaper publicity during the first half of the nineteenth century.

The remaining handicaps under which the press laboured—the newspaper stamp duty and the paper tax—did not of course affect advertising directly, but they did indirectly by restricting the growth of an obviously useful means of publicity.

The newspaper stamp duty was imposed in the same year as the advertisement duty, 1712, the charge being then 1d. on each sheet. The amount went up in stages until in 1815 it reached its maximum of 4d. less discount. In 1836 it was reduced to 1d. Monthly publications were exempted in 1853, and the duty was repealed in 1855.

The stamp allowed the newspapers to be posted and reposted during seven days after publication, but against this benefit several very solid disadvantages had to be set off. The publisher had, of course, to pay for the stamp on each copy of the newspaper, whether or not it was posted or sold. He had also to meet the expense of having the paper sent to and from the Government Stamp Offices, of which there were only some three or four in the entire Kingdom. Moreover, the improvement of methods of printing was retarded. For instance, since each sheet had to be stamped separately before being printed, there was no incentive to the development of the modern machine which prints simultaneously on both sides of webs of papers three to five miles long. Thus the "taxes on knowledge," as they are usually called, were also taxes on enterprise and inventiveness.

There still remained the duty on paper, levied at the rate of  $1\frac{1}{2}$ d. per lb. The abolition of this in 1861 will always be remembered because of its association with the assertion of the rights of the Commons against the Lords in fiscal matters. The Bill for the repeal of the duty was thrown out by the House of Lords, but the then Chancellor of the Exchequer, Mr. Gladstone, retorted by incorporating the abolition of the tax in the Budget, and in this form it was not challenged further by the Upper House.

The immediate effect of the repeal of the paper duty was not as great as might have been expected. The reduction of the newspaper stamp to 1d. in 1836 had been promptly followed by a lowering of the price of newspapers from 7d. to 5d., and it was hoped that with the repeal of the paper tax the cost of paper would be substantially reduced. The American Civil War, however, occurred at this time, and the resulting cotton famine caused the textile manufacturers to compete keenly with the paper manufacturers for rags, cotton-waste, etc. This price-enhancing influence tended to counterbalance the remission of the tax and consequently, it was not until later, and with the introduction of new materials for paper-making, that the benefit of cheap paper was secured.

The high price of newspapers naturally meant a small circulation and therefore a limited influence as advertising mediums. Side by side with this was the fact that reading was not the general accomplishment which it is nowadays. Popular acquaintance with the press was obtained largely at the public-house where the paper was taken and where the assembled company would have it read to them by some member who had enjoyed more educational advantages than the rest. The development of the newspaper as an advertising medium had thus to wait upon the extension of popular education.

Still another requisite for the modern effective use of the newspaper for commercial advertising was the means of making a strong attention-arresting display, notably by the use of illustrations. This, again, was not practicable to any considerable extent until comparatively recent years. Although pictures had appeared in newspapers earlier, and even in advertisements, it is said that a particularly effective impulse for illustrations came with the Franco-German War in 1870. Some papers led off with maps, etc., and public interest caused the idea to be extended and developed. The original means of reproduction was by wood-cuts, but cheaper processes were later introduced—line and half-tone blocks, etc.—with the result that not only has the newspaper opened up new avenues of interest to its readers, but the advertiser has also found the desired means of pictorial appeal.

Newspaper publishers, however, did not at first give a very cordial response to the desire of the modern advertiser to use illustrations—or, indeed, to make use of display of any kind. America was ahead of us in this respect. Mr. John Morgan Richards, an American, who founded a very successful business in this country about 1876, writes on this point in his *Autobiography*, as follows: “My next work was to endeavour to bring London and Provincial newspapers to allow display advertisements such as were appearing in

American journals, and to give further facilities to large advertisers. This was a difficult task and a sad disappointment, so strongly were the newspaper proprietors ensconced behind the barriers of what they considered to be the proper and seemly method of English advertising. *The Illustrated London News* was the first to grant the privilege of inserting an illustrated advertisement with blocks. No daily paper would at that time accept 'copy' which they did not first edit, and in some important papers no advertisement was accepted without prepayment being made. In *The Times*, the form of setting up an advertisement was subject to many restrictions. A repetition of the same words line after line would not be received, but the regulation was insisted upon that each such line should be followed by explanatory matter. Nothing whatever in the way of display was allowable."

It was not until 1892 that *The Times* for the first time inserted a modern advertisement block. It ran across six columns and illustrated the advertisement of a prospectus of a new railway. Other daily papers had preceded them in this. *The Morning Post* were reported at this time as saying that they would not do it for £500. In 1893, "Mr. Punch" admitted advertisement blocks to his pages. With the arrival of the halfpenny *Daily Mail* in 1896, progress was more rapid. The development of weekly and monthly magazines,

with their slower printing methods and consequently greater adaptability for illustrations, has also helped things along, until to-day a remarkable point has been reached in the construction of advertisements which literally compel the attention by size, type display, and illustration.

Needless to say, the advertiser is now energetically canvassed for his patronage by all sorts and conditions of publications, though there are one or two exceptions to the rule. "Baedekers," for instance, refrain from printing advertisements, in order, as they argue, that there may not be even a shadow of suspicion regarding their recommendations of hotels, etc.—a "self-denying ordinance" which makes our valued travelling companion a more expensive luxury than would otherwise be the case.

The newspaper proprietor has certainly been well rewarded for his co-operation with the advertiser. As already mentioned, the estimated annual advertising revenue of the press is forty or fifty million pounds. The outcome is seen in the marvellous return which can be obtained for the modest copper spent on a newspaper. It is only the revenue from advertisements which makes this possible. Mr. Dibblee, in his book on *The Newspaper*, puts the matter very happily when he says: "Advertising is the newspaper's backbone . . . All these vast revenues are a subsidy paid by the public in aid of journalism and for the provision

of news. They enable the newspaper proprietor to give to his readers a product which costs him from four to ten times the amount which he receives from them in purchase of his papers and in return they give to him and his advertisers part of their daily attention and ultimately they requite him by buying more or less of the articles advertised in the paper. Thus there is an ingenious exchange of services, which makes the management of a newspaper in a commercial sense almost as complicated a process as its editorial conduct."

Then, Mr. Dibblee, who is himself a newspaper man, goes on to make the following interesting observations with reference to the relations of the editorial and advertisement sides of a newspaper.

"The process," he says, "is attended by a subtle danger. With the increasing expenses of modern newspapers under the stress of competition the necessity of swelling the advertising revenue of a paper becomes of paramount importance. So the courting of prominent advertisers is every day more and more the pre-occupation of a newspaper manager and he is apt to listen too favourably to any representations made by strong monied interests and himself to exercise a corresponding pressure on the editorial side of the enterprise. Here is the point where the newspaper, as an essential feature of its career as a business, may be said to have a conscience or



should have one. The tendency to a decline and fall into the last stages of commercialism must at all costs be resisted . . . With us the problem of relative independence with regard to advertisers presents itself within a comparatively small compass. It is a question of how far newspapers and other periodicals allow the use of their news columns to the puff preparatory or supplementary for the benefit of those firms and businesses who contribute freely to the revenues of the advertising columns. This practice is on the whole fairly common. There is in it nothing in any way immoral or disgraceful and it really resolves itself into a question only of dignity and expediency."

In this connexion, however, it is to be noted that the newspaper, recognizing the close relationship between its editorial and advertisement sides, is inclined to establish something in the nature of an advertisement censorship. Naturally, all papers of standing draw a more or less hard and fast line with a view to excluding obviously questionable and undesirable advertisements, the point at which the line is drawn varying according to the philosophy of life which the journal adopts. Some papers, however, go further and guarantee their readers a refund of any outlay on articles advertised in their columns which are not as represented; and at least one well-known weekly paper requires advertisers who offer goods for sale through the post to allow a representative of the

paper to inspect the goods at any reasonable time. Moreover, reputable advertisers are themselves not slow to recognize the harm done to legitimate publicity by the appearance in the newspapers of undesirable announcements, and they earnestly bring pressure to bear on publishers to keep the advertising columns of the press above suspicion. Recently, for instance, the Advertisers' Protection Society—an association comprising some of the largest advertisers—made representations on this subject in a circular letter addressed to the proprietors of the papers in which they advertised.

Thus are the ethics of journalism and advertising being hammered out, and certainly we have travelled far since the days of Leigh Hunt's brother John, who, when starting the *London Examiner*, refused to have trade advertisements because, he said, they were calculated to lower the dignity of the paper.

## CHAPTER III

### WHO GET THE MONEY ?

#### (ii) THE BILL-POSTERS

NEXT in importance to press advertising, as regards the outlay involved, comes outdoor advertising, and the most important department of this branch of publicity is the poster.

Newspaper advertising and bill posting may be regarded as complementary forms of publicity—as the infantry and cavalry in an advertising campaign. The newspaper advertisement approaches us more or less deliberately. Day by day it advances upon us. In a series of insertions, it deals with its subject from many points of view, and, urging suggestion after suggestion, argument after argument, it marches into our minds by a variety of routes until we find ourselves compelled to capitulate to the invading force. The ubiquitous poster—here, there, and everywhere at once—forces itself upon our attention by dashing charges. With its strong, striking design and brief pointed phrase, delivered at every point of vantage, it makes a series of short and decisive attacks upon us, and we succumb. Or to put the matter

more straightforwardly, the newspaper advertisement can appropriately be used to educate the public by explanation and argument, while the poster, speaking to men and women as they hurry to and fro, serves rather to announce and remind and thus to supplement the influence of the arguments in the press.

Respecting the origin of the term "posting" or "posting bills," Dr. Brewer writes as follows in his *Dictionary of Phrase and Fable*: "Before the Great Fire, the space for foot passengers in London was defended by rails and posts; the latter served for theatrical placards and general announcements, which were therefore called posters or posting bills."

The casual method of affixing bills implied in this account continued well into the nineteenth century, although, of course, the available sites changed as time went on.

Until the latter part of the eighteenth century, theatrical notices, announcements of lost property, and official proclamations seem to have constituted the chief sources of occupation for the bill poster. Then we find the promoters of State Lotteries extensively utilizing this method of publicity and employing a considerable number of men all over the country. Public lotteries were abolished in 1826, but bill-posting continued to grow in favour. Those already in the trade formed a combination with a view to preventing others

entering it, but they were unsuccessful and some lively contests took place. The covering up of one another's bills by rival bill-posters sometimes led to a breach of the peace and consequent police court proceedings.

In the early stages the industry consisted in what is known in the trade as "fly-posting"—that is to say, the bills were posted wherever opportunity offered without any rent being paid for the site, or any particular consideration being shown to the proprietor. A provision in the Metropolitan Police Act of 1839 was the first attempt to prevent unauthorized posting. Nowadays, while "fly-posting" exists to some extent, it is not done by bill-posters of standing. Instead, the posting is done on properly prepared and rented hoardings.

The way in which this transition was effected is the story of the evolution of modern bill-posting. It is a simple "human-nature" sort of story. Competition for sites naturally led bill-posters to try to make exclusive arrangements. A promise of a few theatre tickets to a builder's foreman would secure to the donor permission to make sole use of the hoarding enclosing the building operations. Then the builder himself came to see that there was "something in it" and required a rent for the hoarding, until, in turn, the building owner came to make his claim, with the result that now any benefit which the builder gets has virtually to be allowed for in the contract.

Concurrently, more and more attention has been given to the construction of the hoardings with a view to providing the bill-poster with " wall-space " of appropriate size and surface, for which satisfactory rents can be obtained. With these growing facilities and the increasing dignity and organization of the business, the bill-poster has come to be more or less generally recognized as the welcome provider of picturesqueness to our streets—a far stride from the day when almost every gable end and vacant wall bore threatening notices, which, to childhood's eyes, seemed to refer to a dangerous character called " Bill Stickers."

Another phase of the history of mural advertising concerns the development of the poster itself. This development may be briefly summarized as having been " from type to picture." Rough wood-cuts were the original means of pictorial appeal, and for artistic improvement we owe a great deal to the pioneer work of French artists from 1836 onwards. Somewhat crude efforts at colour bills appeared in the sixties of last century, but perhaps the first pictorial poster to prove a really great success in this country was a design in black and white originated by Frederick Walker in 1871 to advertise a dramatic representation of Wilkie Collins's novel, *The Woman in White*. This was reproduced from a wood-cut and proved such a great advance on anything previously published

that the artist described himself as the conscious founder of a new profession. The design is happily preserved in the Tate Gallery, London, and well merits careful notice along with the paintings by the same artist which are hung in this gallery.

Since that day, many prominent artists, including R.A.'s, have contributed to the picture gallery of the streets, and improvements in lithography, printing and posting have ensured more and more effective presentation of their work. A very recent feature has been the appearance of genuine oil paintings on the hoardings of the metropolis, while the Commonwealth of Australia has posted real photographic enlargements to advertise its attractions to prospective settlers. Thus, side by side with an improvement in the literary character of press advertisements, there has been an artistic development in poster work. The æsthetic side of advertising has not been neglected.

An interesting contrast between newspaper and mural advertising is found in the fact that while the newspaper is no longer subject to any form of tax, the hoarding does contribute to local taxation. The nineteenth century has seen repeal in the one case and enforcement in the other.

The subject of taxation of advertisements has been dealt with at some length by Mr. Clarence Moran, Barrister-at-Law, in his book on *The*

*Business of Advertising.* It would appear that had rating powers been strictly enforced, mural advertisements would long have contributed to the local exchequer inasmuch as their presence gives an increased rental value to the site. Until 1889, however, it was exceptional for such an assessment to be made, especially in the case of land used for advertising purposes only. The omission arose largely from the fact that vacant land was not rateable, and it was apparently not recognized that, when used for advertising, a site is no longer legally vacant. Further it was difficult to decide who was liable for the rate if levied—the advertiser, the bill-poster, the owner, or, if building operations were in progress, the builder.

To settle these difficulties, the Advertisement Stations (Rating) Act of 1889 was passed. This made it clear that otherwise vacant land used for the exhibition of advertisements is liable for local rates according to the value of such use, and any land or hereditament already rated is liable to a correspondingly higher assessment if its value is increased by using it for the display of advertisements.

In addition, the Act dealt with the question of the person liable for the rates, and laid it down that in the case of vacant land the liability rests on the person who permits the land to be used for advertising purposes, or, if he cannot be ascertained, the owner. When building operations are



in progress on vacant land, the person who permits advertisements to appear and is therefore liable for rating, is usually the builder. In the case of occupied land already rated the existing occupier is liable under the Act for the additional assessment. Thus, for instance, a man who let the gable end of his house as an advertisement station would find a bigger total on his rate demand note.

The Act of 1889, however, went further than making clear the liability of advertisement stations to contribute to the rates. It also enacted that where, under any local or general Act, a local authority grants a licence for the temporary erection of a hoarding, etc., upon or over a highway, or its own land, it may either forbid the display of advertisements on that hoarding altogether or allow them only on such conditions and for such payment as it thinks fit, the payment to go to the highway rate. This tax, moreover, is in addition to the ordinary local rate for which the hoarding in question is liable.

By this clause, local authorities not only obtained a source of substantial revenue, but also gained powers of control over advertising on certain hoardings which, if they desired, they could exercise from the æsthetic point of view. These powers were increased by the Advertisements Regulation Act of 1907 which authorizes local authorities to make by-laws for the regula-

tion and control of advertising hoardings, etc., when they exceed 12 ft. in height and also for regulating or preventing the exhibition of advertisements when they affect injuriously the amenities of a public park or pleasure promenade, or disfigure the natural beauty of a landscape. By 1913, advantage had been taken of this Act by nineteen counties, thirteen boroughs and eight urban districts. Further, many municipalities have obtained local acts empowering them to regulate the size of hoardings, to prohibit sky-signs, etc., within their area.

In the matter of control, therefore, as well as of taxation, we have a contrast between newspaper and mural advertising. It is obvious why this should be so, for while the newspaper advertisement is a semi-personal communication addressed to the limited circle who are prepared to buy the newspaper, the out-door advertisement forces itself upon the attention of all, willy-nilly, and consequently forms a more essential part of our civic life and environment.

It is to be noted, however, that the powers of control above referred to are confined to advertisements on specified hoardings in which the local public authority happens to be specially interested or to advertisements affecting public amenities. The Indecent Advertisements Act of 1889 makes it a penal offence to display indecent printed matter, but beyond this laying down of a

minimum of morality, there is no general national or local public control of the hoardings from the ethical point of view. It is probable, however, that there would have been had not the bill-posters seen to that themselves—and most efficiently.

There exist two important organizations among bill-posters—the United Bill Posters' Association and the London Bill Posters' Protection Association—and for over twenty years these societies have exercised a strict censorship over mural advertising. The occasion of this step being first taken arose in 1890 from the appearance of a placard advertising the performance of a lady trapeze artist at the Aquarium. Many people regarded the placard as indelicate. The National Vigilance Society opposed the renewal of the Aquarium licence. A press correspondence followed and a resolution was moved at the London County Council suggesting the desirability of the Council obtaining control of the hoardings. The bill posters' organizations, however, took the matter up and appointed six of their members as a Censorship Committee whose decisions were to be binding on all the firms in the associations. From that day to this, the trade has upheld the standard of mural advertising, though the actual constitution of its board of censors has varied. For some time there were two committees, one for each association, but now there is again only one,

and on the principle that "prevention is better than cure," representatives of poster printers and of theatrical touring companies have been invited to serve on it, so as to obviate the printing or even the designing of undesirable posters. This development arose naturally enough from a desire on the part of printers and users of posters to have a word in decisions so closely concerning them, and the theatrical companies were specially interested as they had been particularly affected by decisions of the censors.

It is obvious from the way in which a small committee has been able to control the hoardings that the trade is very strongly organized. The nature of the business contributes to this. It is a constantly repeated truism in economics that land is limited in quantity. So are hoardings upon the land, and all the more because of the restrictions imposed by local by-laws. There is consequently a comparatively hard and fast limit to the field of competition, and organization is therefore comparatively easy. There is, indeed, a general tendency towards amalgamations and "working arrangements" in the bill-posting business. Under these circumstances, a strong lead on the part of the most prominent members of the trade was sufficient to set up the bill-posters' censorship, while a threatened penalty of trade boycott and removal of an offender's name from the Associations' directories has

proved effective in keeping the various firms in line.

Moreover, and most important, the organized bill-posters have public opinion behind them. Thus, cases have arisen where theatre bills condemned by the censorship committee have been afterwards posted by small firms, perhaps "fly-posters," outside the Associations, or by the theatrical companies themselves. Thereupon the Bill-posters' Associations have sometimes opposed renewal of the licence of the theatre at which the offending company was performing and the licensing authority has usually proved sympathetic. Naturally, however, with the representation of the theatrical and printing interests on the bill-posters' committee, the necessity for extreme measures has become rarer, and a design to which there is any possibility of taking objection is usually submitted to the committee in the form of a rough sketch, thus avoiding the conflict of interests which arises when expense has been involved in the complete preparation or actual printing of a design.

In making their decisions, the Censorship Committee have adopted three more or less definite and generally recognized principles. They condemn any bills which they regard as impure in suggestion ; as ultra-sensational—scenes of blood, murder, and horror, for instance ; or as likely to offend religious susceptibilities. Of course, these

principles are capable of various interpretations, but the bill-posters have used their best judgment as citizens of the world and apparently with general approval as regards ethical considerations.

There are people, however, who would like to see a similarly strict control of outdoor advertising from the æsthetic point of view. We have already seen that local bodies possess certain powers in this direction under the Advertisements Regulation Act of 1907. The terms of this Act were really decided upon as the result of a conference between representatives of the Bill-posters' Associations and of the organization known as the Society for Checking the Abuses of Public Advertising, or, more briefly, as the "Scapa" (utilizing in the best advertising fashion the initial letters of the title to form a novel, catchy word).

This society (founded 1893) seeks to ensure that advertising shall not mar the beauty of rural scenery or the dignity of aspect of towns. Obviously, however, agreement upon an æsthetic principle is even more difficult to obtain than upon an ethical one, and naturally enough, therefore, the members of the society differ as to the point at which beauty or dignity is marred. Some regard all advertisements—everywhere—as undesirable. Others are less extreme. In the view, however, that the disfigurement of rocks, cliffs and scenery is to be discouraged, the society would seem to have the support not only of enlightened

public opinion, but also of the bill-posting trade.

The general view of the trade is that the appropriate area for mural advertising is the town. Firms of standing have declined to undertake even the erection of field-boards on the railway-side—one firm refusing a contract for £8,000—although it is arguable that this is the least objectionable form of rural advertising since it does not intrude itself on virgin scenery, but follows the line of interference already made by the railway. It would appear, therefore, that rural outdoor advertising is not always done through the usual trade channels, and inasmuch as the object of advertising is to create a favourable impression, firms who place their announcements in such positions as to arouse the resentment of those who see them, would certainly seem to be short-sighted. The Act of 1907, however, has armed the local authorities with power to prevent the mistakes of such imperfect advertising vision.

As regards the effect of mural advertisements upon the amenities of a town, bill-posters argue, in reply to extremists among their critics, that their well-kept hoardings, covered with artistic posters, add to the picturesqueness of the streets and are a great improvement on the bare boards and waste spaces which would otherwise be visible, and in this, public opinion is doubtless

with the bill-posters, especially as, with their censorship committee, they are able to guarantee "clean" hoardings. On the whole, too, the bill-posters study our æsthetic nature—except at election times, for, ironically enough, the one outstanding example of bad taste on the hoardings, in London at any rate, is to be seen in the posters put out on behalf of those who aspire to watch over the beauty and well-being of our civic life—including the æsthetic character of our bill-boards !

In addition to bill-posting, mention should be made of various other forms of outdoor publicity, notably, advertising at railway stations, in railway trains, tramcars and omnibuses, on omnibus tickets, on carriers' vans ; by illuminated signs ; and by sandwich board men ; while show cards in shops and shop-windows may perhaps be regarded as an indoor variant of outdoor publicity.

Obviously, station and conveyance advertising is no older than the means of communication in question. In some cases it is much younger. The pasting of bills on the leading parcels companies' vans is comparatively recent, and some railway companies are only just beginning to allow the inside of their compartments to be used for commercial advertisements instead of views of resorts on their own line. Illuminated signs, as we now know them, have naturally only been made possible with the advent of electric lighting.

The available advertising space at railway



stations and on conveyances is frequently let by contract to some agent who then sub-lets it "at retail." By the Hackney Carriage Act of 1853, printed bills on omnibuses or cabs must not obstruct light or ventilation or cause annoyance to passengers. The use of illuminated devices in the streets is subject to control by local by-laws. In London, for instance, no one may exhibit any flash or search light so as to be visible from any street or to cause danger to the traffic.

Sandwich board men are prohibited in the city of London and are under the control of the Commissioner of Police within six miles of Charing Cross, and there are various regulations as to the size of the boards, manner of carrying, etc. This form of advertising is often associated with the distribution of handbills which is more appropriately within the scope of the next chapter.

## CHAPTER IV

WHO GET THE MONEY ?

(iii) P.O. AND PRINTERS

WE now come to our third and final broad division of advertising, which we have called "Direct-to-the-Person" Publicity. The most important and characteristically modern example of this form of advertising is circularizing by post. This is very often supplementary to the other principal forms of advertising—by newspaper and on the hoarding. It enables the advertiser to follow up the interest created by these means and to send, in the form of a booklet or catalogue, the fuller details which will result in a sale being effected. Many advertisements in the press contain a request that the reader will send for such a booklet.

Postal circularizing is also used as an independent means of advertising—a concentration of effort upon the most likely buyers. The Americans, in one of their characteristic phrases, call it the "Still hunt" method. Instead of firing broadcast by means of general advertising, the hunter after orders "stalks" the prospective

purchaser by personal communications through the post. Putting it another way, he seeks to find the shortest route between buyer and seller to the advantage of both.

For the origin of this form of advertising, it is hardly likely that we need look earlier than 1840, the year in which the penny post was introduced. As a matter of fact, according to the *New English Dictionary*, the verb "to circularize" was first used only in 1848. The development of "circularizing" has naturally gone along with the evolution of the postal system.

As established in 1840, the limit of weight for the penny post was only half an ounce—an allowance which would be considered very meagre by the sender of modern advertising literature. It was not until 1871 that the weight for penny postage was increased to 1 oz. Meanwhile, in 1855, a halfpenny book-post rate, applying to circulars, etc., had been established, and in 1870 this halfpenny rate was made applicable to packets up to 2 oz. in weight. Not until 1892, however, was it permissible to post inland book packets in the convenient form of unsealed envelopes, although this was allowed in the international  $\frac{1}{2}$ d. per half-ounce book-post.

The importance of this 1892 reform was strikingly brought out by Mr. Henniker Heaton in pressing it upon the Post Office. Speaking of the way in which documents could be sent in  $\frac{1}{2}$ d.

envelopes from the Continent to England, but not between different points in Great Britain, he said : "Owing to this unjust and absurd rule, great numbers of communications addressed by British firms to persons resident in this country are sent abroad to be posted. Thus an English association recently forwarded 100,000 circulars in open envelopes, to the Continent, to be posted back to England. The British Post Office in such a case does all the work of sorting and delivery, while the foreign post office takes all the profit, for under the Postal Union arrangement each country retains postage collected by it."

Naturally this reform gave a considerable impetus to circularizing, and a further incentive was provided by the Diamond Jubilee reforms of 1897 by which the weight which could be sent in a sealed envelope for 1d. was increased to 4 oz.

Some idea of the extent of present day postal advertising is conveyed by the figures in the Postmaster General's Reports. According to these figures, over twenty million halfpenny packets are dealt with by the post office every week. Not all these, of course, are advertising packets, but, on the other hand, a very large number of circulars, booklets, etc., are sent under penny stamps, and catalogues often require a postage of 2d. or more.

Addressing agencies have come into existence to deal with this important branch of advertising,

and some of them are prepared to address, enclose, and despatch as many as a quarter of a million circulars, etc., within twenty-four hours. Besides using the ordinary directories, such agencies have made it their business to compile special lists of addresses of particular value to various classes of advertisers. An important branch of their work is in connexion with the issue of company prospectuses. The leading addressing agencies also retain a special staff with a knowledge of languages for foreign postal advertising. The psychology of circularizing has not been neglected either, by these specialists, and they will advise as to the most effective day or time at which a particular communication should be delivered.

Besides sending circulars to selected lists of names taken from directories, etc., advertisers naturally try to keep in specially close touch with their own established customers. To this end, some concerns even issue periodicals containing chatty articles and other literary features as well as advertisements of the firm's goods. These magazines, or "house organs," as they are usually called, are posted to the friends of the house and are well calculated to stimulate interest and generate good feeling between the firm and its customers. Manufacturers keep in touch in this way with the retailers who handle their productions, and large stores with their circle of customers. Some big concerns also issue a special "house-

organ " for their travellers, salesmen, or general staff, with a view to promoting active and intelligent co-operation within the firm.

In addition to the post office, various other means are utilized by advertisers in order to get their circulars, etc., into the hands of people likely to be interested. Manufacturers, for instance, will arrange with the shop-keepers who sell their products to place leaflets, etc., on the counter or to enclose them in parcels.

A time-honoured form of "direct-to-the-person" publicity is seen in the distribution of handbills—often, nowadays, by sandwich board men—but a large proportion of the persons thus appealed to are, alas, too indifferent even to look at the message thrust into their hands—and a responsive attitude of mind in the recipient is hardly induced by the knowledge that if he casts the unwanted bill from him, he is liable, in London, to a penalty of 40s. for littering the roadway.

Still another form of direct advertising is found in the distribution of pamphlets, booklets, samples, etc., by hand from house-to-house. This is organized on a large scale by distribution agencies. It has not the strictly personal appeal of postal advertising but it is much cheaper. It is usually done under the supervision of a foreman whose business it is to keep the actual distributors within hail and see that there is no wastage, etc. This comparatively humble form of advertising is,

of course, chiefly applicable to low-priced articles of general consumption.

In whatever way circulars, booklets, etc., may be distributed—by post, through the shop-keeper or by hand—advertising by such means necessarily requires, as a preliminary, the services of the printer.

Someone has said that no profession has controlled the destinies of man more completely than that of the master printer. Certainly the destinies of advertising have been largely so controlled. In discussing advertising in the press and on the hoardings we have seen how progress has been conditioned by the development of printing, and in advertising by means of booklets and other products of the printer's art the connexion has naturally been no less marked.

Recent years have seen at once the cheapening and the artistic improvement of printing.

The development of process blocks for reproducing illustrations, since the early eighties, has been an important influence in both these respects. So also has the development of paper-making from wood-pulp. Simultaneously, greater attention has been paid to the artistic side of typography and book-production, thanks largely to such exemplars as William Morris.

Now the wide-awake advertiser demands from his printer something distinctive in style and not prohibitive in price. The developments just

referred to have enabled the printer to respond to this demand. In America, particularly, the commercial possibilities of good printing have been recognized, while in this country there has been no mean advance in the standard of advertising literature. Even the cheap booklets thrust into our letter-box have something distinctive and arresting about them, while the brochures issued by high-class advertisers are, many of them, pre-eminent examples of the printer's art.

The different branches of publicity which we have discussed, the press, the hoardings, etc., and the circular, while covering the principal activities of the advertiser are by no means exhaustive. Originality is of the essence of advertising and, consequently, new ways of attracting the attention of the public are continually being devised.

We may just mention a few of the recognized forms of advertising in addition to those already considered. Manufacturers, for instance, frequently arrange with the retailers who sell their goods for special window displays or for a temporary exhibition stand inside the shop. Again, advertisers are continually on the look-out for new "places" on which to put their announcements. Theatre curtains were thought of some time ago. Match-boxes have recently been discovered.

Some advertising concerns lend out lecture slides of general interest on the condition that a



few advertising slides are also shown. The coming of the kinematograph has opened a new field to the advertiser. Its possibilities are hardly as yet realized, but already manufacturers are using it to interest the public in their goods by showing on the screen the various processes of manufacture at their factories, while some up-to-date firms have prepared little picture dramas in which the merits of their goods are ingeniously presented.

Advertising novelties in the way of calendars, pen-knives, paper-weights, etc., are frequently distributed. Bearing the name of the advertiser, they are intended to be a frequent and pleasurable reminder of his goods or services. Other firms, again, devote a portion of their advertising expenditure to giving presents to their customers, usually in return for a specified number of coupons from packages containing the firm's goods. By this means, regular use of the article in question is encouraged, the gift becomes a permanent advertisement, and recommendations are secured, for human nature likes to "pass on a good thing."

Some manufacturers who deliver their goods by road to the retailers' shops obtain a striking outdoor display by having their delivery cars designed in the shape of the article they sell—thus travelling boots, tyres, bottles, etc., may be met with in the street.

No doubt, many more methods which have been adopted by advertisers, might be thought of, and

many more will still be devised ; but while bright ideas are essential to successful advertising, they are not everything. System is equally necessary in the spending of an advertising appropriation. How this is secured we shall discuss in a later chapter, under the heading “ Who see to the spending ? ”

## CHAPTER V

### WHO SPEND THE MONEY ?

AGAIN taking our little advertising account of 80 or 100 millions yearly, we may now ask, " Who runs up the bill ? " This leads us to a little more detailed consideration of the question already touched upon, viz., " Who are the advertisers ? "

A reference to the advertisers of earlier days will not be without interest. We have seen that in the eighteenth century, the articles chiefly advertised were books and patent medicines. Theatrical announcements were also in evidence, but instead of the theatres paying for these, the newspapers paid the theatres for the privilege of publishing them. This state of things was reversed about the end of the eighteenth century.

Until well into the nineteenth century there were many advertisements of State Lotteries. These announcements, however, ended in 1826 with the abolition of State Lotteries. Newspapers were also required by law to publish certain advertisements at fixed rates, irrespective of length. These referred to Bankrupt Estates, Game Lists, etc. Moreover, Government Notices had to be inserted at a fixed rate per line which was often much under

the price obtained for other advertisements. The same rule applied to lists of bank shareholders which at that time had to be published annually.

Towards the middle of the nineteenth century, the most prolific advertisers were the new Railway Companies ; and the press at any rate benefited by the speculation mania of this period. In the autumn of 1845, one paper alone, *The Glasgow Herald*, published as many as twenty-five prospectuses of new companies, almost all railways.

As regards the more steady and constant advertising revenue of the press, newspaper people confessed to preferring small advertisements to large provided they could get enough of them. The day of the large display advertisement was not yet. There did appear, however, announcements of a length which has been seldom equalled even at the present day—and these advertisements came from somewhat unusual sources. For instance, in 1834, *The Times* published an advertisement occupying as much as four pages. It consisted of a Conservative Address to the King. In 1856, the same paper inserted as a full-page advertisement, a petition to Parliament by mercantile firms against the Sunday delivery of letters in London. Later, another mammoth advertisement occupying more than two pages appeared in *The Times*. This consisted of the republication of a pamphlet replying to an attack upon the British and Foreign Bible Society.

It is of special interest that in the matter of large advertisements, propaganda societies blazed the way, for there is a growing movement to-day to bring such societies into line with commercial houses as regards the regular use of advertisements.

It was only with the breaking down of the conservative attitude of the press towards display and with the development of illustration processes, which we have already discussed, that large spaces in newspapers were taken by business houses. Simultaneously a more extended use of bill-posting and the distribution of printed matter has taken place, for these three forms of publicity are supplementary rather than competitive.

To enumerate present-day advertisers by trade would almost be equivalent to running through a commercial directory, for it would seem that advertising is now associated with the selling of practically everything. It is sometimes said, indeed, that wherever there is selling there is advertising nowadays. This, at any rate, would appear to be the case as regards the selling of "goods," for practically all classes of commodities are advertised. Some modification is, however, necessary as regards the selling of "services," for certain "vendors of services," notably legal and medical services, are prohibited by their professional organizations from indulging in advertising—of the direct order at all events—unless we

may perhaps include the modest brass door-plate as an example of outdoor publicity.

A convenient classification of the principal forms of commercial advertising is sometimes made on the basis of the method by which the advertised goods reach the purchaser. We may utilize this and then enumerate some of the principal trades represented under each head. This classification gives us four broad divisions :

1. Advertising of proprietary articles, to obtain which the consumer is directed to apply to the local dealer.

2. Store advertising, which is intended to attract custom to the establishments concerned.

3. Mail order advertising, which has for its object the securing of orders from the public through the post.

4. Advertising of special services such as transit, travel, insurance, etc.

It is to be noted, however, that this is a classification of types of advertising rather than of firms. Houses which have more than one form of selling organization usually utilize more than one of these forms of advertising. For instance, the maker of a proprietary article may supply it direct to the public as well as through the trade. A retail store may have a mail order department, and so on ; but, generally speaking, firms have one predominant form of selling and therefore of advertising.

Division 1, "Proprietary Articles," introduces us to "branded" or trade-marked goods, embracing products of practically every kind for consumption, wear and use—foods and beverages, like oatmeal, coffee, cocoa, beef-tea, sauces, jam, wines, spirits, and mineral waters; apparel, like underwear, hosiery, corsets, collars, mufflers and raincoats; textile fabrics; patent medicines; articles of utility and enjoyment, from soap and tobacco to pianos, fountain-pens, cycles, motor-cars, etc.—goods costing a penny to goods costing a thousand pounds.

The great and increasing prominence which is given to branded goods is one of the most interesting features of modern publicity. The advertising is usually done by the manufacturer, and the general public are invited to ask for the goods by name at their local shops. Some of the oldest advertisers are proprietors of such articles, but in the case of many manufacturers of staple products, this direct appeal to the public represents quite a new departure and has necessitated some amount of re-organization of sales arrangements.

The traditional method of marketing was for the manufacturer simply to dispose of his product, often without any distinguishing brand or mark, to the wholesaler. Neither the retailer nor the general public knew or troubled about the manufacturer, and the wholesaler could at will change his source of supply. A certain amount of brand-

ing was sometimes done by the wholesaler on his own account.

It is no doubt largely with a view to becoming "master in his own house" and ensuring a steady demand for his own particular goods that the manufacturer is now more and more making his appeal direct to Cæsar—the purchasing public. While in many, if not most, cases the system of supply through wholesaler and retailer is still maintained, these intermediaries can no longer afford not to stock what the ultimate consumer is asking for by name as a consequence of the manufacturer's advertising. Important features in the successful marketing of a proprietary article are a distinguishing name and mark and, if practicable, a distinctive package or wrapping, so that substitution is difficult.

The direct appeal to the public is also generally accompanied by trade advertising by means of circulars to dealers and announcements in trade papers, and sometimes by window displays and demonstrations of the merits of the goods to the shop-keeper's customers inside his store. A complete campaign for a branded article usually includes press and outdoor advertising and the distribution of booklets and other descriptive literature, also samples, where practicable. The press publicity generally consists of what is called "reason-why" advertising, urging arguments for the use of the article in question, while posters are



usually in the nature of reminders, keeping the name before the public.

Very interesting extensions of the idea of the manufacturer advertising his own product are seen in the advertising arranged by the Greek Government on behalf of all the currant growers and in the advertising carried out on a co-operative plan by Indian tea growers. No names are mentioned, but the demand of the public is stimulated to the advantage of all.

Class 2, "Store Advertising," comprises in turn, businesses of practically all descriptions—drapers, outfitters, grocers, jewellers, furnishers, etc. The outstanding examples are the large stores with numerous departments—the modern "universal providers." Naturally the press is the chief medium for this kind of advertising, but posters are also used, also plaques at railway stations within convenient travelling distance of the store.

Division 3, "Mail Order Advertising," or advertising for the purpose of obtaining orders through the post, has of late developed considerably in this country, though its "happy hunting ground" is pre-eminently America. It is easily understood why this system should be so successful across the Atlantic when it is remembered that a large part of the population of America live in districts which are remote from towns, and, therefore, cannot do their shopping otherwise than through the post except at rare intervals. It is said that

on the American farmsteads the mail order catalogue has a place of honour second only to that of the family Bible, and in size, dealing as it does with every conceivable human requirement, it is almost the equivalent of the old family Bible.

Even our own rural districts are, however, sufficiently cut off from large shopping centres to make the idea of ordering by mail attractive. Moreover, "shopping by post" saves time and trouble and gives a wider range of choice to those whose location does not make it absolutely necessary, and there is little risk of disappointment, for mail orders are usually executed with a guarantee of "satisfaction or money back."

Most of the large "universal supply stores" have a mail order department, while there are several firms which are specially organized for attending to orders by post from any part of the country, to the exclusion in some cases of any local shop trade. From these firms anything whatever for home or personal use can be ordered by post, perishables only being excluded from their range of business.

In addition to this general mail order trade, there is also a considerable business done through the post in special lines. Cigars, chairs, dumbbells, toilet requisites and many other articles are advertised in this way either by the manufacturers or by enterprising dealers. Cows are sold by mail. Books on the subscription plan are similarly dis-

posed of, and tuition by post in an almost endless variety of subjects is extensively advertised.

The newspapers and popular magazines are much employed by the mail-order advertiser. Inasmuch, however, as he obtains his orders through the post, he naturally is inclined to have faith in advertising through the post, by means, for instance, of circulars sent to appropriate lists of names selected from directories. The mail order advertiser is also a good customer to the printer for descriptive booklets, etc., to send to prospective purchasers of his offers.

Perhaps under the heading of "Mail Order Advertising" might also be included, for convenience, the extensive advertising which is at present being done by gas and electric companies. The commodity which such a company has to offer is of standard and homogeneous quality. No inspection of it is required or indeed possible. A post card is sufficient to obtain a supply, and to that extent, therefore, it may, perhaps, be regarded as a mail-order proposition.

Our final division, "Advertising of Special Services," is intended to include the publicity of railway, steamship, and omnibus companies, tourist agencies, insurance companies, etc. Small "situations" advertisements, theatre announcements, etc., might also come under this division.

Railway and insurance companies are among the oldest of advertisers, and, of late, some of

them, at any rate, seem to have become infected with the new advertising spirit. Insurance companies are publishing readable and argumentative announcements in the press instead of mere lists of names and figures, and railway companies are putting out posters and booklets describing the places on their lines, which are sufficiently attractive to make some of us want to pack our trunks.

The railway companies' publicity is being supplemented by the advertising issued both in the press and on the hoardings on behalf of the seaside and country resorts themselves. The Isle of Man uses public money to advertise its attractions. Irish municipalities are authorized to levy a rate for purposes of publicity, but this power has been obtained by only one municipality in Great Britain—Blackpool. In the case of other local authorities which advertise, the money has to be obtained either from the profits of municipal trading, or, more frequently, from the voluntary subscriptions of the townspeople.\*

From country towns we pass to Continents and note the systematic advertising which is being done by the Colonies anxious for settlers.

Financial advertising remains to be noted. This is still very conservative in tone, a circumstance which is no doubt attributable to some extent to

\* A Bill to permit health resorts to spend money from the rates for advertising was given a second reading in the House of Commons on May 1st, 1914.

the necessity of complying with legal regulations such as the Company Acts.

Finally, reference must be made to Political Advertising. The last election saw a new development. Not only were the usual placards posted on the hoardings, but advertising space was taken in the press by both the Conservative and Liberal parties. Moreover, we have seen the advertisement columns of the newspapers used on behalf of women's suffrage. The future may have interesting developments in store in these and similar directions. Perhaps, for instance, the churches in London will come into line with those in Philadelphia and run half-column advertisements in the Saturday papers under the heading "Why not go to Church?"

## CHAPTER VI

### WHO SEE TO THE SPENDING ?

WE have seen in what channels the national advertising bill is expended—the press, the poster, the circular, etc. We have inquired as to who spend the money. We have now to ask, what form of business organization has been developed to manage the expenditure ? In other words, “ Who see to the spending ? ”

Generally, one of two methods is followed by a business house in conducting its advertising. An advertising department is maintained under the control of a manager; or the advertising is delegated to an agency, in some cases unreservedly.

The manager of an advertising department is, of course, usually a man with ideas and with extensive knowledge of advertising technicalities. A certain sum of money for advertising is often allocated by the firm in advance, and the manager is responsible for spending it to best advantage. He may design the advertisements and printed matter himself or may have a staff of writers if the business is big enough. In any case it is his duty to superintend the “ plan of campaign ” and see

to the due execution of the many details incidental to it. Being on the spot, he is able constantly to be in first-hand touch with everything. He should have his finger on the pulse of the business, and, by carefully kept records and statistics, be able to tell what success is attending his advertising and also secure useful data for the intelligent planning of subsequent publicity.

The advertising manager, in many cases, is also sales manager, controlling his firm's travellers and salesmen and conducting the most important correspondence. This combination of functions is one of the signs of the times, for there is a growing recognition that advertising and sales organization must be perfectly dovetailed and co-ordinated in one complete scheme of distribution, and with the growing importance of advertising, the tendency is for the advertising man to take the reins.

Even when a firm maintains its own advertising department, however, it almost invariably employs an agent as well, if only for placing advertisements with the newspapers. The reason for this will be evident when we come to deal with the principle on which advertising agents are remunerated.

Passing now to a discussion of the advertising agency, the first thing to be remarked is that the term "Advertising Agency" is a very vague one. According to directories, etc., there are some hundreds of people who style themselves adver-

tising agents. A great many of them, however, are very much on the fringe of modern advertising. Some of them are little shop-keepers who take " Want " advertisements for newspapers. Others are printers who perhaps publish a guide-book or local time-table in which they insert advertisements, and so on.

Recently, *The Advertising World*, one of the organs of the advertising business, compiled a *Directory of Advertising Agencies*, which presumably includes all the firms which are utilized by substantial advertisers. This list gives about 260 agencies for London and about seventy for the provinces.

The provincial agencies are, naturally, for the most part, in a much smaller way than the big London concerns. The London agencies, in turn, vary very much in size, service, and standing. Of the 260 or so, about a dozen specialize in postal circularizing and house-to-house distribution. Another dozen specialize in railway, tramway, omnibus or delivery-van advertising. Of the remaining 240 or so, it is suggested that the odd 40 do about as much business as all the rest.

The service which the biggest agencies render to their clients is indeed surprising to the uninitiated, and the amount of advertising which such an agency will control runs into hundreds of thousands of pounds. One of them, indeed, recently announced that the *increase* in the amount



of advertising which they had handled for a nine months' period was as much as £60,000.

Properly viewed, the advertising agent has the very halo of romance around him. He combines in his person—or should do—the aptitudes of each and all of the liberal professions—the lawyer, the doctor, the soldier, the preacher.

This may sound a little extravagant, but let us look at a typical example of the service of a modern advertising agent. Here is a firm, let us say, who wish to market a new product or to reorganize the method of distribution of an old one. The principal calls in an advertising agent. Now a man may be a very clever manufacturer, yet have very vague ideas as to how to commend his product to the public, or even of the points to emphasize to the public. Accustomed to looking at his article from the technical point of view, he may find it difficult to view it from the standpoint of the prospective consumer. The advertising agent will, therefore, set himself by judicious questioning to elicit from the manufacturer all the useful information respecting the condition of the business, the nature of the product, its particular features, etc. In a word he plays the part of the cross-examining lawyer. Next he assumes the part of the doctor—diagnoses the case, and prescribes appropriate treatment—press advertising, postal circularizing or what not. A plan of campaign is now necessary, and the advertising agent

becomes the military general—he devises the appropriate mode of attack on the dull indifference of the British public—he suggests how to enlist the co-operation of the wholesaler, how to recruit the sympathy of the retailer and so on. Then he becomes the preacher. He mounts the pulpit of the press, post or poster, and delivers his appeal to all who have ears to hear.

But to put the matter more prosaically—if a firm wish to advertise an article, the modern up-to-date agency will give the article a name, design the packet (if it is a packet article), suggest how best to bring it to the favourable notice of the trade and the public, prepare a list of likely newspapers and hoardings, write the advertisements, place them with the newspapers, check their insertion, design posters, give instructions for their fixing, inspect the hoardings to see that they occupy the proper positions, prepare circulars, booklets and other advertising literature and arrange for their distribution—in short, the agency will advise and co-operate with the advertiser at every turn and relieve him of all the details of his publicity.

The point of view of the agent himself on this subject should be enlightening. We may therefore note the following from Maxwell's *Modern Advertising*, the writer being at the time of publication actively engaged in the agency business. It is of interest, also, as showing how advertising and selling have to be co-ordinated.

“ Now the advertising man,” he writes, “ has functions far beside those generally understood. He has vast powers to influence sales. Primarily he has but to advertise the article, but if he follows up the creation and completion of the advertising properly he is called upon by hundreds of retailers to help them push the product which they have bought from the maker whose goods he advertises. Store literature is an important feature nowadays.” He then instances one of his clients who, he says, “ distributed over three million booklets in six months through drapers : over five million separate pieces of advertising matter. The advertising man has not only to plan and print them, but in many cases has to arrange for their distribution. Thousands of names of women have to be tabulated. The mailing lists have to be absolutely correct. Demonstrations have to be arranged for, window displays planned, show cards written, local advertising arranged, newspaper notices solicited and arranged, a large force of travellers kept fully advised, a large corps of female demonstrators kept working to a carefully devised programme, and, added to all this, a national advertising campaign has to be worked out in trade journals, women’s magazines and leading dailies. Artists have to be kept busy, original and duplicate blocks made, and an advertising supply service kept up with some two hundred retailers weekly ; and, in general, the

advertising man has not only to enthuse the public and thereby create the demand, but he has to work hard himself in conjunction with the manufacturer and retailer in order to supply the public. . . . I just touch on generalities ; the thousand-and-one so-called ' little things ' which go to make up a successful advertising campaign, of course, are part and parcel of a well-equipped advertising agency and are not blazed forth . . . and don't run away with the idea that to do good advertising is a pastime—it's one of the most severe strains upon a conscientious man ever experienced . . . the manufacturing end has to be watched, the selling force has to be kept well regulated, the advertising and follow-up work has to be thoroughly carried out—all have to dovetail and to work out to one broad plan—*results*. The work has to be constructive—*all for one and one for all*. Verily, advertising is every move which has for its ultimate aim the sale of anything."

This account applies, of course, to the advertising and marketing of a proprietary article, but an agency would attend with equal thoroughness to any of the other categories of advertising detailed in an earlier chapter—the advertising of a store, of a mail-order merchant, or of an insurance company or propaganda society.

The discharge of the multifarious duties of a first-class advertising agency necessitates, of course, a highly developed internal organization,

with departments corresponding with the different kinds of work undertaken—idea production, newspaper space buying, advertisement writing, advertisement illustrating, advertisement checking, poster designing, poster inspection, booklet production, etc. Then, the agency also employs various specialized outside organizations, notably studios, of which there are in London some two dozen devoted to advertising.

In what may be called the "Creative" departments of an advertising agency the services of very bright brains are required. The production of advertisements is like playing the violin. It looks easy—till you try it. It's the way you do it that counts. A capital story is told in this connexion. A man lost his umbrella at church. He wrote his own advertisement in the conventional way, offering a reward to the finder. Nothing happened. Then an expert friend came along and re-wrote the advertisement something like this: "If the gentleman who was seen to take a silver-handled umbrella from the Parish Church on Sunday attaches any value to the Christian character he has hitherto borne, he will return the article immediately to No. 1, Blank Street. He is known." In the course of a few hours a dozen umbrellas were received, some accompanied by notes of apology.

It will be agreed that to be able to write such a successful advertisement as this, or its equivalent

in the commercial world, requires a considerable knowledge of human nature. As Professor Dill Scott puts it, "The designer of advertisements must be something more than a skilled artisan ; he must be an artist and must be able to put soul into his work so that his production will appeal to the sentiment as well as to the intellect of those who are to be influenced by it."

Successful advertisement writing must, of course, consciously or unconsciously, be based on the laws of psychology. A good advertisement attracts attention, arouses interest, awakens desire and moves the will—to purchase. Quite a lot of serious work in the psychology of advertising is being prosecuted, especially in America, Professor Dill Scott being one of the best known names in this connexion.

What, then, are the earnings of the employees of advertising agencies—men and women—who thus apply psychology to daily life, and how are they recruited ? It is difficult to give any *rate* of earnings, for advertisement writing is essentially the kind of employment which shows what economists call "rent of ability." From about £150 a year upwards indefinitely might perhaps be a fair way to put it. In a recent law case, an advertising agent stated in evidence that before commencing on his own account, he had been employed at a salary of over £1,000 a year. He was then manager of the "copy-writing" depart-

ment of a large agency. At an exhibition devoted to advertising, which took place recently, a competition was held for young advertisement writers, and the prize offered was a post at £200 a year. Commenting on this at the time, Mr. George Edgar wrote, in *T.P.'s Weekly*: "Think of it, you young writer, who accepted £25 for your first book, grudgingly offered by a publisher; think of it, you journalist, who laboured patiently for ten years, at a more elementary form of the writer's craft, to acquire the pittance of £150 a year as a reward for competency, of a branch of the writer's work which can offer a tyro £200 a year as a start." Further, he added: "Like everything else, the rewards paid to advertisement writers depend upon the ability brought to the market-place. It must be perhaps a disappointment to the scholarly man who came to Fleet Street fired by the desire to lead the world's thought, to find himself, when he has settled to his place in life, merely influencing the public to buy certain lines of manufactured goods, or to use a store for their household purchases. On the other hand, it is, perhaps, more dignified to fulfil a useful if practical part in our curiously mingled social system than to be what many a failure at the higher tasks of literature had to become in the old days, an eyesore to his relations, a burden to his friends, and to all the rest of the world an example of the wasted life."

As we have seen, advertisement writing, as known to-day, is a comparatively new profession, and it is therefore of special interest to inquire as to the recruiting grounds for the business.

Writing in a trade magazine a few years ago, an advertising man who had achieved some considerable success said, "I do not know of—and have never met—any successful advertisement writer who has deliberately chosen as his work the composition of advertisements. Those I know personally all seem to have drifted into it, some from literature, some from commerce, some because their work was thus restricted by that law of Nature which decrees that no man shall do all things and which calls for inevitable specialization in advertising as in other fields."

Youths are, of course, now growing up in advertising offices and are there learning the technicalities of the business. If to such knowledge they can also add "ideas," which obviously are an essential part of the writer's stock-in-trade, they should be specially qualified to advance into the creative departments of advertising.

Then some half-dozen "Schools of Advertising" have been established. These institutions lay themselves out to teach the technical side of the business. They find their chief supporters among small shop-keepers who advertise locally and desire to do it better. Young men and women in other walks of life, however, utilize this means to



enter the advertising business, but, necessarily, success is conditioned by the possession of the requisite ability as well as technical knowledge.

Graduates of both the older and newer universities are finding openings in the advertising field. Women, also, are achieving success in the creative work of advertisement writing, thus justifying once again the modern claim for full freedom of opportunity.

In the "Wants" column of one of the London dailies an advertising agency recently advertised for two premium pupils, the premium mentioned being £100. From its very nature, however, it would seem that the advertising business must follow mainly a democratic method of recruitment. Even if it were desirable, or possible, at this time of day to establish another artificially exclusive profession, advertising could hardly be the one, for upon freedom of access of new ideas its very life depends.

We have inquired as to the remuneration of the staff of the creative departments of an advertising agency. We have now to ask: "How is the agent himself remunerated?" The usual method seems to be as follows:

For art work, booklet writing, house-to-house distribution, printing, etc., a charge is made according to the work entailed. For bill-posting and newspaper advertising, including the preparing of an advertising plan, the writing of the

press advertisements and the placing and checking of the advertising, the agency usually makes no direct charge to the advertiser beyond what would in any case have to be paid to the bill-posters or newspapers. The remuneration of the agency takes the form of a commission—ordinarily about 10 per cent.—from the bill-posters or newspapers.

This little sketch of the activities of an advertising agency applies, of course, to the largest and best equipped agencies only. Several firms combine an agency with some other business—publishing, printing, etc. Other agencies, again, undertake the “farming” of papers : that is to say, they contract for all the advertising space in the papers in question and sell it to best advantage, but it is usually only small publications which are agreeable to this arrangement. Some agencies make outdoor publicity their chief concern, others press advertising. Some make a special feature of Colonial, Indian, or Continental advertising.

The smaller agencies are not all equipped for giving comprehensive service. Many of them do little more than place with the newspapers the advertisements which have been prepared by the advertisers themselves. In lieu of giving complete service, these agents credit to the advertisers a portion of the commission which they receive from the papers, retaining only a small portion of it for themselves.

Generally speaking, the leading papers allow

commission only to firms doing a legitimate agency business. They will not give any commission or any equivalent discount to direct advertisers. As we have just seen, however, in practice the agency credits the advertiser with part of its commission or otherwise renders him free service in suggesting schemes, writing advertisements, etc. We have here, therefore, one reason why practically all advertising of any importance is done through agents, since, by virtue of the rebate or equivalent service which he receives, the advertiser can actually obtain his newspaper space cheaper through an agent than direct.

Why this condition of things exists is explained by the history of the advertising agency business. This history is, naturally, closely interwoven with the history of newspapers.

Apparently, the oldest existing advertising agencies were founded just prior to the accession of Queen Victoria in 1837. Probably some, at any rate, of the original agents were men who had been on the staff of newspapers, soliciting business, collecting accounts, etc., but possessing initiative and enterprise they preferred to work on their own account getting business for any and every paper which was prepared to reward their efforts by paying them commission.

Their new circumstances, however, soon necessitated their acting as much on behalf of the advertiser as on behalf of the newspaper, for when

a client wished to extend the range of his operations and to advertise in additional papers, he would naturally consult the agent as to the best papers to select. This point is well brought out in a publication issued in 1847 by one of the oldest agencies. In this book, the editor, Mr. Charles Mitchell, has a little article on the standing of the advertising agent, in which he is at pains to show that he is not an agent at all, but a principal, acting as the independent go-between for both newspapers and advertisers.

This article, moreover, is of interest by reason of what it leaves unsaid as well as what it says. For instance in dwelling on the advantage to the advertiser of employing an agent, it mentions such obvious points as the saving of trouble and the economy of book-keeping in having all the accounts come through one channel—the agent. There is no mention yet of the agent *writing* the advertisements for his clients. But it is easy to conjecture how, in course of time, this service would come to be rendered. The magic word is surely “competition.”

Perhaps to obtain business at all, surely to obtain it in face of other competitors, the agent would offer, as an extra inducement, to prepare the prospective client's advertisements for him. The repeal of the advertisement tax and the newspaper stamp, no doubt, tended to heighten the competition in the advertising business.

As time has gone on and the art of advertising has extended, along with the art of printing and newspaper production, the importance of the expert advertisement writer has become continually greater. Further, as means of communication have been developed, as popular education has been extended, and as production has expanded, it has become necessary for new methods of distribution to be employed, and consequently advertising has become more and more associated with carefully planned and organized schemes for effecting sales on a national and even international scale. As regards the advertising agency business, two results have followed :

First, the agent, new or old, who has not been willing or able or required to meet the modern demands for service has had to offer the alternative inducement of a division of his commission with his client, until to-day it is a recognized thing for an agency to retain the whole of its commission from newspapers or to credit its clients with varying portions according to the amount of service rendered.

The second result, associated with the first, has been that advertising agents, though still nominally remunerated by the newspapers, have come more and more to represent the advertisers and less and less to represent the newspapers, thus practically entirely reversing the original arrangement.

The position is, of course, a very anomalous one,

and the complexity is increased by the difficulty, under present conditions, of deciding authoritatively who is an advertising agent and as such entitled to commission from newspapers. Publishers do not always agree on the point, nor do the general body of advertising agents. The question is much discussed in advertising circles, some agents and newspaper men frankly advocating some different method of remuneration, others saying that as the agent exists to promote advertising to the general advantage of the newspapers he is still in effect the newspapers' representative, and therefore appropriately remunerated by them.

As regards bill-posting, all the agencies which undertake it render practically uniform service, consisting chiefly of regular inspection of the advertisers' bills. The remuneration is, therefore, virtually uniform, and this appears to be maintained at the full commission paid by the bill-posters, no rebate being allowed by the agent to the advertiser. Apart from the character and uniform nature of the service, one reason for this is doubtless found in the fact that the bill-posting business is much more strongly organized than the newspaper business, and maintains definite agreements on the matter with the agents.

A new development of the advertising business has been seen of very recent years in the appearance of the Advertising Consultant. The consultant undertakes practically all the functions of

an agency except the actual giving of advertisement orders to the newspapers, etc. Drawing no commission from the newspapers, he is paid for his services by fees from the advertiser. The consultant is also prepared to co-operate with any agency in an advisory capacity—to be the Harley Street element in the advertising profession.

It will thus be seen that the advertising agency business presents some interesting features to the student of economics. It is difficult to give an entirely clear-cut account of it, for it is, and apparently always has been, in a state of constant change, as, indeed, surely befits such a vanguard movement of commercial life.

## CHAPTER VII

### WHY DO WE SPEND IT ?

THIS short sketch of the advertising business would certainly be incomplete without a few words as to how it has come about that so much money is spent in this way and as to the purpose which the outlay serves.

As regards the reasons for the growth of present-day publicity, these may be grouped for convenient consideration by regarding modern advertising (1) as a product of modern economic conditions, and (2) as a product of modern social conditions.

When Dr. Johnson was penning his famous judgment on advertising to which we have once or twice referred, England was just on the eve of her great Industrial Revolution—the coming of the Factory system—and it was this great upheaval in economic conditions which was ultimately to produce the development of advertising which we now enjoy, but which the good Doctor, naturally, could hardly foresee.

The great increase of production, consequent upon the utilization of machinery, necessitated in



due course new and more extended methods of distribution, and the contemporaneous development of means of transport made this possible. The old producer with his limited output could dispose of it in his own restricted area to customers with whom he or his staff were in personal touch. The key notes of present-day distribution are wideness of area and impersonal appeal as represented by the advertisement, which has its message for all who can read.

Naturally, a tendency takes some time to work out, but its rate of development is an accelerating one. The expansion of production on the great industrial wave of the seventies stimulated the tendency, until to-day, with the present consummation of large-scale manufacture, we have also the modern development of advertising to effect sales not merely on a national but even on an international scale.

The form which this development has taken does not seem to have been foreseen by the early economists who endeavoured to analyse the new industrial conditions. They devoted their chief attention to the question of production in its narrower sense and, apparently, gave little thought as to how the consumer with a continually extending range of choice was to be influenced in his selection. The business man of their day, however, would hardly have believed that his grandson would have to devote so much

attention to effecting sales. Moreover, the psychology of the time perhaps made it easy to regard the consumer of economic goods as a somewhat passive recipient of whatever came his way—a kind of primitive reflex organism which lived by simple absorption rather than active selection.

However that may be, the old economists were, at any rate, inclined to err psychologically in their tendency to emphasize some one particular aspect of the human mind to the neglect of the rest—the rational power or what not. We are wiser now. We are eclectic, and none more so than the advertiser. He makes his appeal to all sides of our complex mentality, and employs suggestion, argument, emotional appeal, command—every device to move the will—to buy.

The question of appeal brings us to a consideration of advertising as a product of social conditions. Advertising is, in short, a democratic appeal in a democratic age. Simultaneously with the industrial development of the seventies which has been referred to, there came the extension of popular education. There has consequently grown up a public, practically co-extensive with the nation, which can be appealed to by the printed word, and the growth of newspapers and printing and the postal system has provided the means of making that appeal.

Class barriers have fallen before the all-conquering advertiser. Whether we are poor, and buy

our halfpenny Imperialist daily, or rich, and read our sixpenny Socialist weekly—whether we are interested in things eternal, and take one of the many “heart interest” magazines, or in things temporal, and subscribe to a critical review—we are favoured with the same solicitous regard and flattering assurance as to the value of our custom in the economic world. Verily, the democratic era is now dawning.

International barriers are likewise falling. Travel where we may, still on the hoardings and in the advertisement columns of the newspapers we are sure to recognize old friends. The advertiser gives us a feeling of “home” wherever we may roam. No wonder that it was once suggested that the Nobel Peace Prize should go to the late Mr. T. J. Barratt, Advertising Director of Pears’ Soap. During his career, Mr. Barratt directed the expenditure of over £3,000,000 sterling in advertising throughout the world, and thus certainly did one man’s share towards washing away any marks of international division.

And now, what of the utility of modern advertising? It is desirable perhaps to remark at the outset of this discussion that we must have in mind only the kind of advertising which we have been considering all along, that is, serious commercial advertising which is intended to facilitate legitimate sales. Happily, nowadays, this may be said to be the normal type, but, as in

everything else which evolution has produced, from molluscs to men, we do, of course, find, in advertising, instances of rudimentary survivals, examples of development which has been arrested at about the Dr. Johnson period, but these fortunately tend to disappear. Dealing then with modern legitimate commercial advertising, we may consider its utility under the two divisions we have already made for ourselves—as a factor in economic organization and as an appeal to the individual.

Some people would say, indeed, that advertising has no utility—that in short it is gratuitous waste. They call it “unproductive,” but this view surely arises from unduly delimiting the connotation of the word “productive.” If they were to apply their principle consistently they would have to say that the work of the man who delivers our coals, of the driver of the coal train, nay even of the miner himself, was “unproductive,” for none of these people do anything more than bring about the transference of a commodity from one place to another. They are merely distributors, but what a difference it makes to us whether the coal is in the bowels of the earth or at our fireside. Analysis shows, of course, that the common antithesis between production and distribution is a false one. Anything is productive which contributes to the enhancement of the utility of an article whether by shaping it or shifting it.

Advertising comes under the "shifting" category. However brilliantly the genius may invent—however effectively the manufacturer may materialize his idea—the product is as though it were not until it is in the hands of the man who can make use of it. And before that consummation can be reached the man in question must be informed of what has been produced. Advertising is the modern way of doing this.

From the economic side, then, advertising is an important link in the long chain of production. Its function is to bring the seller into relation with the buyer, and under present conditions advertising probably does this more cheaply and effectively than any other method.

For rhetorical effect, great play may be made with the absolute amount spent on advertising—even this book may have been a little guilty—but this sum has, of course, to be taken relatively to the volume of production. Comparing the advertising bill of (say) 80 or 100 millions with the national income of (say) 2,000 millions, it works out at only about 4 or 5 per cent. on the average.

Compared with the old method of personal solicitation, advertising is certainly a labour-saving device. A million people may be addressed in one day by a newspaper advertisement, but it would require an immense organization of travellers to do the same. Moreover, time and temper are saved by the elimination of haggling when com-

modities are standardized and advertised. *The Times* had an interesting comment on this in a leading article some time ago. It said : " We are more aware of the energy used in advertising than of the energy used in bargaining, because when the bargaining is over it leaves no traces, and because only time, not money, is spent upon it ; whereas enormous sums of money go in advertising, and the results catch the eye at every turn. But we have no reason to believe that there is more waste of energy in advertising in a community like our own than there is in the endless bargaining of simpler communities. Indeed, there is this to be said for advertising, that it saves the energy of the buyer, if it consumes some of that of the seller, whereas bargaining exhausts both."

It should be noted, moreover, that the function of introducing buyer to seller, which advertising essays, is, under present-day conditions, an increasingly important one. When, under our complex social organization, goods fail to any considerable extent to find a market, we are soon confronted with the unwelcome phenomenon of trade depression in the industry concerned, and the disastrous effect soon spreads, so interdependent is our economic life. In an inventive age, when fresh products and new and quicker means of manufacturing are continually being introduced, it is, of course, very difficult to maintain an equilibrium between production and consumption all

along the line, but in so far as advertising succeeds in so stimulating demand as to preserve something like such an equilibrium it renders a social service which will hardly be considered disproportionate to the price paid for it.

The following quotation from the book on *The Newspaper*, to which we have already referred, illuminates this point. "The chief modern problem," says the writer, "is to sell goods fast enough to prevent a glut of production. To take a concrete instance from modern America, the output of motor-cars as these lines are written is considerably more than one a minute and in order to secure continuous cheapness of production this rate of output must be maintained and probably even increased. All this flood of production has to be marketed without delay and without intermission. The missing of even one month's sale of such a prodigious output would entail the bankruptcy of half the manufacturers in the kingdom. It is advertising which supplies the remedy for their ever-present difficulty."

The matter may be viewed in another way which puts advertising in an even more favourable light. By stimulating demand in an inventive age, advertising may be said to allow fuller advantage to be taken of what economists call "the law of increasing returns." This "law" simply means that, in the case of most manufactured articles, the more you produce (within

limits) the lower is the cost of each unit of the commodity—you get an “increasing return” on your successive efforts. Advertising puts the manufacturer in touch with a sufficiently wide circle of consumers to enable him to produce and sell cheaply under the operation of this law. That is, at any rate, how it works out looked at from the social benefit point of view.

This point was dealt with in a speech by the late Mr. T. J. Barratt of “Pears’ Soap” reported in the *Advertising World* of March, 1913. In the course of his remarks he quoted as follows from a speech which he had delivered in 1889: “It is commonly supposed that advertising necessarily increases the cost of the advertised article, but our very lengthened and extensive experience proves it to be entirely to the contrary, for, as a consequence of that expenditure, the greatly increased output has resulted in enabling us so to reduce all our costs of production that our speciality to-day is obtained by the public at over 30 per cent. less than the price charged without that expenditure.” Mr. Barratt then added: “To-day, after twenty-three years’ lapse of time, bringing my total to some three millions spent in advertising, my experience permits me still to endorse that statement.”

It may possibly be urged that this argument is not of general application, as many advertised commodities—articles, for instance, in which personal



taste is an important factor—cannot, from their very nature, be produced in large quantities, and the advertising of them is merely competitive. The upholder of advertising is, however, in the happy position of being able to “have it both ways.” He can say in reply that in the case of these commodities advertising is particularly important in order that as wide a choice as possible may be given to personal taste. This point will come up again in a later paragraph when the utility of advertising as a means of democratic appeal is considered.

Another advantage claimed for advertising—and especially the advertising of branded goods—is that it tends to the maintenance of quality. Regular advertisers require, for their existence, regular customers. They cannot afford to disappoint. Their advertising expenditure represents the building up of so much “good-will.” Some firms, for instance, spend as much as £150,000 a year in this way. With their name thus pledged, self-interest shows the wisdom of maintaining quality. It is, of course, the philosophy of the trade-mark writ larger than ever before.

There is another point in reference more particularly to mail-order advertising. It concerns the “law of rent,” to use a phrase frequently met with in economic discussions. This “law” says that rent is paid according to the differential advantage of the site to the occupier. As regards

shop premises the implied advantage includes, of course, convenience of access by prospective customers. Now a mail-order merchant has no need to consider this. His clients' orders will reach him, through the post, in an unfrequented back street just as readily as in a fashionable thoroughfare. He can, therefore, "get behind" the "law of rent," if we may so put it, and, provided his advertising bill does not equal the saving in his rent, he may be able to sell more cheaply than his non-advertising competitor—to say nothing of the further economies he will probably effect in establishment expenses. Advertising should, indeed, be of interest to social reformers if it can be shown that it is tapping the unearned increment.

We have now to consider the utility of advertising viewed as a means of democratic appeal. From this standpoint, we may say that it extends enormously the individual consumer's range of choice. If advertising did nothing else than this, many people would consider the expense well justified—for what, after all, constitutes the worth of anything that we really care about—of travel, reading, education, politics, for instance? Do we not value these things because they give us a wider world to live in? Advertising does this as regards our range of economic selection.

Moreover, advertising tends to awaken new desires and needs—and it is new desires and needs

which provide the incentive to greater productiveness. In this way, therefore, advertising may be said to be creative and enriching.

Like any other form of democratic appeal (politics, for instance), advertising may, of course, be abused, and just as the politician may endeavour to throw dust in the eyes of the electorate, so the advertiser may try to "bluff" the consuming public, but happily, in the realm of economic consumption, the equivalent of a "general election" comes more frequently than once in five years.

Two incidental benefits of advertising may perhaps be noted—the cheapening of the newspaper and the pleasure, shall we say, intellectual and æsthetic pleasure, which modern advertising provides. For pure enjoyment, everyone nowadays, of course, turns to the advertisement pages of a magazine before the literary pages.

And what of the future of advertising? He is a bold man who essays the rôle of prophet, and perhaps the safest thing to say is that the future will be both different from and similar to the present. "Mankind advances, but man remains the same," and while the form of communication between buyer and seller may change, the necessity of adjusting supply and demand will still continue.

We may say, however, that we have assuredly not yet reached the limits of manufacturing development on present-day lines, or of transit

improvements, so that their concomitant, advertising, is likewise not likely to have reached its limits. The marked development of local manufacturing all over the world may, however, in course of time modify advertising on its international side.

Similarly, we have not yet reached the limits of democratic evolution, or of popular education, so that the appeal to "the man in the street" should still develop. Moreover, in spite of social pessimists, we are all, surely, extending our range of interests, and probably, therefore, we shall—men and women alike—increasingly welcome time-saving facilities on the economic side of life, and shall order by post or telephone goods brought to our notice in advertisements instead of spending our time seeking what we want.

It is frequently suggested, however, that we are on the eve of fundamental changes in our economic organization which will greatly modify or do away with advertising—changes which are foreshadowed by such developments as the Trust, the Co-operative movement and State or Municipal enterprise. Some reference may, therefore, appropriately be made to these developments. Necessarily, the discussion cannot be, by any means, exhaustive, and no attempt will be made to sum up for or against the movements in question. Their relation to advertising can alone be considered.

As regards the monopoly or Trust in its Anglicized form, it is sometimes urged that advertising, by favouring large scale production, is hastening the development of the industrial Combine, and that the Combine will itself extinguish advertising. It is, however, not necessarily the case that large-scale production leads to monopoly. The "law of increasing returns" operates "within limits." In some industries, a large firm gains little in economy of production by becoming a very large firm, so that the tendency of advertising, viewed in this way, may well be to assist small firms to become large ones, and large firms to maintain their position, rather than to bring about monopoly organization. Even when, however, from a combination of causes, a monopoly is established, the necessity of advertising is by no means done away with. Every concern must keep in touch with its own customers. Moreover, there are very few commodities for which a substitute cannot be found. Hence even a monopoly must proclaim the virtues of its particular article—witness the extensive advertising of gas and electricity.

With respect to the Co-operative movement, the growth has been largely on the distributive or shop-keeping side. To a considerable extent, therefore, the movement devotes itself to supplying its membership with commodities which are found also in the ordinary shop and for

which the demand has been created by advertising on the part of the manufacturers.

There is, however, another side to the Co-operative movement. The large wholesale societies have undertaken the manufacture of goods to supply to the retail societies. Some retail societies also have their productive side and make certain goods—clothes or furniture, for instance—for their members. It might appear, therefore, that, as they cater for a fairly well-known demand—their membership—advertising, as a means of encouraging sales, would not be required.

Co-operators, however, in common with all other good people, like a range of choice, and the societies must needs commend the goods which they produce. In the case of goods manufactured by the wholesale societies, it is recognized that they are in competition with other articles on the market. Moreover, a substantial demand has to be secured in order that production may be on a sufficiently large scale to be profitable. Consequently, some goods, at any rate, which are manufactured under the wholesale co-operative movement, are advertised not only in the co-operative press, but in other papers also—notably in publications which appeal to trade unionists. The retail societies, in turn, have to keep in touch with their own members and the monthly magazines which some of them publish are comparable with the

“house-organs” issued by private firms to their customers.

It may be argued, however, that the advertising which the co-operative movement has to do is largely forced upon it by the competitive world with which it co-exists, and that if the entire State were organized as one gigantic co-operative society the necessity for advertising would virtually disappear.

Such a change in our social organization would certainly mean great changes in advertising as we now know it, but the functions which are undertaken by modern advertising—the informing of the consumer as to what has been produced and the maintenance of demand at the level of economical supply—would still surely have to be fulfilled. It would be interesting to speculate as to the means which would be employed, but whether resort was made to officially worded proclamations on the hoardings, or to “prices current,” published in (State ?) newspapers, or to impartial “adjectiveless” price-lists, with an occasional lapse into rhetorical description to shift surplus stock, it is at any rate doubtful whether the new advertising would be less expensive than the old, though, in all likelihood, it would be much less picturesque.

These speculations are, however, of theoretical rather than of practical interest, for we are presupposing a condition of society which even its

advocates to-day regard as a somewhat distant ideal. There have, of course, been certain modern developments of municipal and State activity in the economic field, but these need not necessarily lead to the organization of every branch of industry by the Government. A tonic in small doses may be a poison in large ones.

In so far as State or municipal businesses exist merely side by side with other forms of industrial organization, the considerations we have discussed in reference to monopolies and the co-operative societies will more or less apply. Whatever further modifications of the competitive system modern social movements may bring about, we shall, however, surely guard our liberty of choice, as consumers, with a jealous eye, and shall perhaps find our advertisements, which provide us with such a lavish range of choice, one of the hardest things of all to forfeit.

Finally, as regards the immediate future, we shall, as advertisement readers, come to exert more and more the influence of an educated public opinion, which will, in turn, make it continually easier for the advertising man—whether manager or agent—to feel a proper professional pride and to realize that, while he comes before the public as the representative of his principals, he also stands in a certain relationship of trust towards the public—a relationship which allows him to give nothing less than “ the true, the good,



and the beautiful"—truth of statement in his descriptions, goodness of quality in his commodities, and beauty of diction and design in his advertisements.

## SOME BOOKS ON ADVERTISING

At an "Advertising Exhibition" organized by *The Advertising World*, and held at the Horticultural Hall, London, in December, 1912, one corner was devoted to a "Library of Literature relating to Advertising." Below is given a selection from the catalogue of this Library, together with particulars of a few other works derived from various sources. Many additional books were also included in the Exhibition Library, but these were chiefly directories, annuals and other volumes published by advertising agencies, printers, etc., for the purpose primarily of extending their business.

<i>Title.</i>	<i>Author.</i>	<i>Published.</i>
Ads. and Sales.	H. N. Casson.	London, 1913.
Advertisements from <i>The Spectator.</i>	L. Lewis	„ 1909.
Advertising and Progress.	E. S. Hole and John Hart.	„ 1914.
Advertising as a Business Force.	P. T. Cherington.	„ 1913.
Advertising or the Art of Making Known.	Howard Bridgewater	„ 1910.
Art of Publicity.	E. A. Spiers.	„ 1910.
Book of the Poster.	W. S. Rogers.	„ 1901.
Business and Advertising.	Ashby Goodall.	„ 1908.
Business Encyclopædia.	Various Authors. W. S. M. Knight, Ed.	„ 1907.
Business of Advertising.	C. Moran.	„ 1904.

<i>Title.</i>	<i>Author.</i>	<i>Published.</i>
Fifty Years of Newspaper Life (1845-95).	Alexander Sinclair of <i>The Glasgow Herald.</i> Printed for Private Circulation.	
Handbook of Advertising.	Christopher Jones.	London, 1912.
Harmsworth Business Library, Vol. V.	Various Authors. Thomas Russell, Ed.	„ 1912.
History of Advertising.	Henry Sampson.	„ 1874.
Law relating to Advertisements.	T. Artemus Jones.	„ 1906.
Modern Business Practice, Vol. I.	F. W. Raffety (Ed.)	„ 1912.
The Newspaper.	G. Binney Dibblee.	„ 1913.
Principles of Practical Publicity.	Truman A. de Weese.	„ 1909.
Psychology and Industrial Efficiency.	Hugo Münsterberg.	„ 1913.
Psychology of Advertising.	Walter Dill Scott, Ph.D.	„ 1909.
Success in Advertising.	H. Simonis (Ed.)	„ 1908.
Success in Retail Advertising.	Thos. Russell.	„ 1910.
Theory and Practice of Advertising.	Walter Dill Scott, Ph.D.	„ 1907.
<i>The Times</i> on Advertising.	—	„ 1911.
The Twentieth Century Shop.	Thos. Russell.	„ 1914.
With John Bull and Jonathan.	John Morgan Richards.	„ 1905.



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Knowles), of Girton College, Cambridge, Research Student at the School. 1898; x and 334 pp., Cr. 8vo, cloth. 7s. 6d.

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